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FOREIGN AGRICULTURE

JANUARY
1960

Rice Farmer, Burma

Our Farm Export Outlook
Rice and India—and P.L. 480
The Common Market's New Farm Policies

UNITED STATES DEPARTMENT OF AGRICULTURE • FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

VOL. XXIV . . No. 1 . . JANUARY 1960

To report and interpret world agricultural developments.

1950 to 1960— Ten Notable Years

Few periods in world agricultural history have brought so many important developments as the decade 1950-60. As we looked through the titles in this issue, it occurred to us that at least seven of our stories have their roots in notable events of the period:

* U.S. agricultural exports continue to be maintained at highest levels in history, owing largely to export programs developed during the 1950's.

* The principal such program is Public Law 480. Under it, for example, over half the U.S. rice surplus has been moved into foreign consumption.

* This same program is helping struggling countries like India both to feed its people better and to go forward with economic development.

* The Communist Bloc has begun to woo the underdeveloped countries with its own brands of technical assistance and economic aid.

* Six European nations have begun to work together to form a Common Market, with long-range purpose of removing trade barriers between them and establishing closely knit economic relationships. The formation of economic blocs is in the offing, holding both promises and threats to our own agricultural exports.

* Several new nations have emerged from colonial status, and problems of agriculture are among the many they face.

* Through technology, world agriculture not only has recovered from the effects of the war but has expanded production to record levels.

Cover Picture

Burma is one of the world's largest rice exporters, and despite sales of U.S. surplus rice under Public Law 480, it has boosted its rice exports over the last 5 years (see page 4).

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OUR FARM EXPORT OUTLOOK

This is another good export year. We expect the value of U.S. agricultural products exported during 1959-60 to reach $4 billion. This will be the third highest in history, exceeded only by the exports of $4.7 billion in 1956-57 and $4.1 billion in 1951-52.

Economic activity continues high in the principal marketing areas of the world, especially in Western Europe. The dollar shortage has eased, and trade barriers are being reduced gradually. Also, exports of our surplus farm products are being bolstered and promoted through government programs, including those under Public Law 480.

Even with these programs, we expect that two-thirds of these agricultural exports will be commercial sales for dollars. The matter of protecting and expanding dollar exports is, of course, our foremost export objective. Our basic purpose is to use the special export programs only as a temporary bridge between our abundant supplies and the great number of customers in the less developed countries who lack dollar finances. The permanent bridge will come as these people forge ahead, build up their industry and commerce, and become real customers with real ability to buy.

Much of the $300-million increase in farm exports this year should result from the anticipated higher exports of cotton. Feed grain exports set a record in 1958-59 and, because of Europe's late-summer drought and its expanding livestock industries, they may be even larger this year. Foreign demand for soybeans and vegetable oils and fats continues strong, and exports may exceed previous records. Rice exports are also expected to increase. Wheat and wheat flour exports may drop somewhat, but a large volume will continue to move under Public Law 480. Exports of dairy products may decline slightly, but tobacco exports will remain at about the same level. Poultry exports will rise sharply. In more detail the picture appears to be this for fiscal 1960:

Cotton:—U.S. cotton exports for the year ending July 31, 1960, are expected to total at least 5.5 million bales, approximately double last year's low volume. Sales registered for export under the payment-in-kind program totaled 3.5 million bales as of mid-November last year, which is 700,000 bales above exports during the entire 1958-59 season.

The improved outlook is attributed to the availability of a large supply of U.S. cotton at competitive world prices under the 1959-60 export program. Also responsible are the generally improved economic conditions abroad, low stocks and increasing consumption in cotton-importing countries, and smaller export supplies in foreign exporting countries.

Grains and Feeds.—In the case of wheat and wheat flour, we expect 1959-60 exports to be about 410 million bushels, or 33 million under last year. Losses are expected to be the greatest in sales to traditional dollar markets in Western Europe because of favorable crops in some of the importing countries. However, shipments under government export programs should hold last year's level or even increase.

Increased competition from other exporters is the main reason for anticipating lower sales. Australia and France have much more wheat available for export, and their traditional cash customers have also been important cash customers for U.S. wheat. Even though other exporting countries, such as Italy and Argentina, will have less wheat for shipment this year, their position will fall short of offsetting the increased export availabilities of Australia and France. But there is some uncertainty about wheat supplies in the USSR and Argentina; thus, if exports from these two countries fail to reach the expected level, the U.S. drop may not be as large as 33 million bushels.

In the case of rice, we expect a substantial increase in exports despite the fact that production in the Far East has trended upward and we no longer have the outlet there that we had in some recent years under our government programs. This year our sales should run around 2.9 billion pounds of rough rice compared to slightly under 2 billion last year. One limiting factor, particularly in the European market, is our lack of marketing facilities which would permit advance sales of rice for periods up to 4 months, whereas our competitors are in a position to make long-term sales.

The outlook for coarse-grain exports appears favorable—an anticipated 12.7 million short tons, slightly larger than the 12 million exported in 1958-59. The expected breakdown is: Corn, 235 million bushels: barley, 110 million;

(Continued on page 22)

RICE: An evaluation of Public Law 480 sales

By DEXTER V. RIVENBURGH
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Many rice farmers in the flat flooded Central Plain of Thailand move the harvested rice from field to threshing floor by boat.

Some 5 years have now elapsed since the United States started selling its surplus farm products for foreign currencies under Title I, Public Law 480. There was some apprehension at first. We were embarking on a new approach to world trade and the interests of other countries were at stake. What would be the result? Might we not end up with more problems than that of rising agricultural surpluses?

Rice lends itself well to an evaluation of the effects of sales under this legislation on world trade and on the economies of other major exporters. Over half of the world's population obtains the principal part of its food grain requirements from rice. Also, rice is a sensitive commodity; more than half the total world trade in rice is supplied by exporting countries that earn a very high portion of their foreign exchange from rice exports.

In the years since 1954, rice has figured in agreements signed with some 13 countries, and over 3,525 million pounds of milled rice have been sold. This about equals a year's production in the United States; to transport it would require 160 cargo ships.

For the American rice producer these sales have been of great importance. They have helped reduce our surpluses of rice by over a half. For the recipient countries, they have been even more meaningful. Most of this rice has gone into consumption channels where economic conditions have prevented vast numbers of people from getting enough to eat, or where floods and drought have produced the same short-term effect. And further, the purpose of this legislation, i.e., to use food to generate economic development, has to some extent been fulfilled not only in the countries receiving the rice but in the geographic areas in which they are located. The effects can easily run over a period of years.

Policy Safeguards

It is only natural to ask, what, if any, undesirable or harmful effects these large sales of U.S. rice under concessional terms have had on other major exporters of rice. That they have not been detrimental, as our figures will show, was the result of U.S. Government policies which were developed to prevent, as far as possible, the reduction of exports by rice-exporting nations and instability in world rice trade through the lowering of prices.

Quite apart from and preceding the Title I programs, the United States reduced rice acreages by 47 percent as rice surpluses started piling up. Since then it has continued to control acreage by enforcing a system of individual producer acreage allotments and marketing quotas. However, yield per acre has gone up steadily.

Paralleling these efforts to reduce U.S. stocks was the careful screening of all requests for rice under Title I agreements so as to safeguard the traditional rice markets of other exporters. Measures were taken to insure that commercial transactions which otherwise could have been made were not displaced. Yet probably the most important aspect of U.S. policy has been the limitation placed on the amounts of rice available for foreign currency sales. Early in the program, the United States had 3,460 million pounds of rice more than were needed for domestic use and commercial exports. This amount equals nearly a quarter of the total international rice trade in recent years, and to have thrown it abruptly on the market would have created intolerable conditions for other exporters.

Besides controlling the amounts of rice available, the United States followed a pricing policy which endeavored to maintain at least the same relationship between U.S. prices and

Asian prices as existed in 1954-55. At the start of P.L. 480, U.S. export prices for shipments to Asia from government-owned stocks averaged 28 percent higher than prices for Asian grades that made up a substantial part of the area's volume of trade in rice. Throughout the 5 years of selling rice for foreign currencies, prices of the United States have averaged 34 percent above Asian levels.

Effect in Asia

Asia offers the best opportunity for evaluating the effect of our rice sales under surplus disposal legislation since, as regards rice, it is the most sensitive area. The Asian countries fall into two groups: First, those that participated in Title I programs—Pakistan, India, Ceylon, Indonesia, the Philippine Republic, Korea, and Japan; and second, the major rice exporters—Burma, Thailand, Vietnam, and Cambodia. It is the trade of the second group that we are concerned with:

	1955	1956	1957	1958	1959
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Burma	3,520	4,180	2,860	3,080	3,520
Thailand	2,860	2,860	3,520	2,640	2,420
Vietnam	180	—	440	220	420
Cambodia	60	110	440	440	220
Total	6,620	6,950	7,260	6,380	6,580

[1] Data in this table, and in those that follow, are in terms of milled rice.

During the past 5 years, Tirle I shipments to the area have amounted to 3,044 million pounds, an average of 607 million pounds annually, whereas exports of the four Asian countries together average 6.8 billion.

Thus, it is apparent that our Title I rice exports for the 5 years have amounted to less than 10 percent of what the principal Asian surplus rice countries have exported and represent only a small portion of the area's total rice trade. It is also interesting to note that the rice exports of Vietnam and Cambodia have risen, and that Burma and Thailand have maintained good averages in spite of fluctuations in production. Furthermore, the 2 highest years of Asian exports, 1956 and 1957, coincide with the 2 top years of Title I shipments.

In this period too, production has moved upward significantly. In 1955, total production was 217,800 million pounds; in 1957, 244,200 million; and in 1959, 255,200 million. This has resulted in an apparent increase in consumption in these countries:

	1955	1956	1957	1958	1959
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
India	59.4	59.4	66.0	59.5	70.4
Pakistan	19.8	19.8	22.0	22.0	23.0
Indonesia	17.6	17.6	19.8	20.0	20.0
Ceylon	2.0	2.0	2.0	2.0	2.2

The two largest world exporters of rice are Burma and Thailand, and here is where some measurement of a stock position can be made. The following table shows that year-end stocks have been reduced in both these countries:

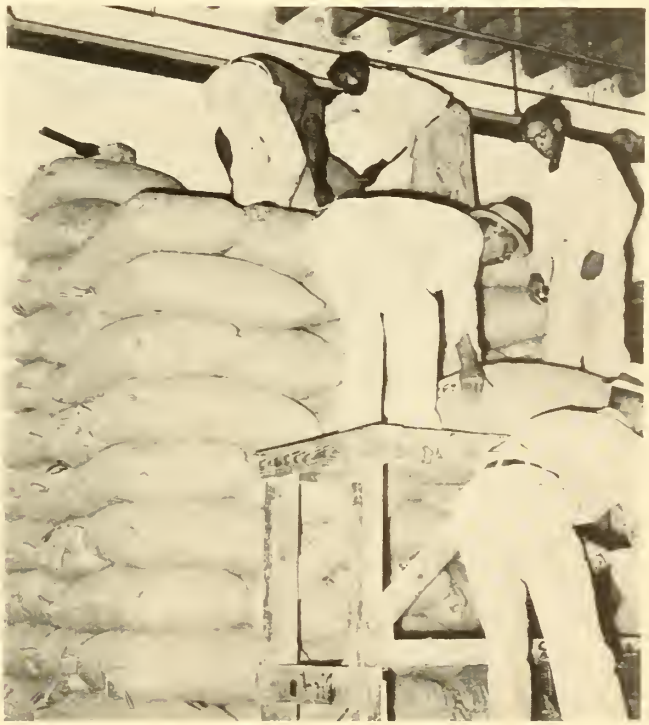
	1955	1956	1959	1957	1958
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Burma	1,390	1,190	1,100	1,200	1,100
Thailand	540	380	1,170	280	480

The final area of comparison is that of price. The largest tonnage of rice moving into the Asian market is represented by the Burmese Grade Ngasein Small Mills Special. Average prices for this grade (per 100 pounds, f.o.b. port) compared with those for U.S. rice sold under Title I were:

	1955	1956	1957	1958	1959
Burmese Ngasein	$4.86	$4.60	$4.54	$4.63	$4.45
U.S. rice	6.23	6.36	6.13	6.12	5.90

When all of these factors are considered, it appears that the international rice market has shown a considerable degree of stability. Exports were maintained and increased. Both production and consumption went up. Carryover stocks went down. Prices fluctuated only about 5 percent. And all of this was achieved despite the 3,044 million pounds of rice that moved from the United States into the Asian area as Title I shipments.

Below, rice pours into hatch of ship in California port for movement abroad under the P.L. 480 program. Right, stacking bags of rice in warehouse prior to shipment overseas.



INDIA: How U.S. farm surpluses are stimulating economic growth

By QUENTIN M. WEST
Far East Analysis Branch
Foreign Agricultural Service

For the world's developing countries, Public Law 480 came at an opportune time. Through its Title I program they have been able to buy U.S. farm surpluses for their own currencies. Thus it has helped them save foreign exchange and still meet the larger food and fiber needs that have resulted from larger populations and economic growth. It has helped stave off inflation. And—most promising of all for the future—it has brought them extra funds to bolster their economic development programs; for the major share of the currencies it earns for the United States is loaned or granted back to them for that purpose.

Unloading U.S. surplus wheat in Bombay. The first agreement provided for 3-year deliveries but all the wheat was imported in 2 years because of India's food deficit.

India and P.L. 480

Of the $3.6 billion worth of farm exports we have programed under Title I so far, agreements with 11 Far Eastern countries have accounted for 42 percent; agreements with India alone, for 21 percent. India, now well along in the second of its long-range development plans, supplies a good example of what P.L. 480 has done and could do in the future to assist the economic growth of the Far East.

In 1956, India realized that its crops were going to fall below expected levels, that its import needs were increasing, and that its foreign exchange reserves had fallen sharply. It requested and received a Title I program. This agreement, signed in August 1956, had a total market value of $362 million (including certain ocean transportation costs) and included 3.8 million tons of wheat, 200,000 tons of rice, and 247,000 bales of cotton, among other farm commodities.

Though the agreement was intended to run for 3 years, unfavorable weather and other causes made India's food deficits so much worse than expected that all the food was imported in less than 2 years. Therefore, the two countries signed another agreement in June 1958 for 580,000 tons of wheat and 200,000 tons of coarse grains for human food. In September 1958, a new agreement provided for 2.8 million tons of wheat and more coarse grains. Again, most of the grain was shipped before the scheduled period ended, and in November 1959 India signed still another agreement which included 3.0 million tons of wheat, plus rice, coarse grains, cotton, and tobacco.

These shipments of surplus farm products have been a lifesaver for India. Over the past 3 fiscal years, its wheat imports from all sources have added up to 8.6 million tons. The first year, it bought 57 percent of its imported wheat from the United States, for rupees, under a P.L. 480 program; the second year, 77 percent; the third year, 90 percent. The alternatives would have been either serious food shortages in the large cities, or a slowdown in the Second Five-Year Plan, or the complete exhaustion of foreign exchange reserves.

The United States set aside much of the currency these sales generated—more than 80 percent, or $778 million in rupee equivalent—for India's use as grants and loans for economic development. For some time, India did not allocate these loan funds to specific projects, but held them as bank reserves against which borrowings were made for general development purposes. Recently, however, loans for specific development projects have been made.

Prospects

The situation that has prevailed in India for the past few years is probably going to continue for some time. Agricultural production is unlikely to reach anywhere near the 28-percent increase called for in the Second Five-Year Plan. Some increases will come through expansion of irrigation and improvement in yields. However, yields in India are still among the lowest in the world, and have shown little increase during the two Plan periods. India has made great strides in its community development program; but the widespread changes it is trying to make in farming techniques will probably take decades, rather than years.

India may well need at least 5 years to achieve its goal of an 81-million-ton

Left, in 1956 M.V. Krishnappa, Deputy Minister for Food, accepts first U.S. wheat shipment to India. Top, in 1959 Charge d'Affaires D.N. Chatterjee and Assistant Secretary of State T.C. Mann sign latest pact before USDA's Secretary Benson.

production of food grains. Meanwhile, food-grain consumption will probably increase to 87 million tons a year, leaving a net deficit of 6 million. Of this, India could probably import about 1 million commercially. Most of the imports will have to be wheat, for Asia—because of its rapidly growing population—probably cannot produce enough rice to supply these expanded consumption needs.

Thus, during the next 5 years, India will need 20 to 25 million tons of food grains, mostly wheat, above commercial imports. This estimate allows for consumption increases due to population growth and economic development, as well as for the establishment of national food reserves. It also allows for the possibility of one year of monsoon failure and greatly decreased production.

If these food-grain imports occur, most of them will probably need to come under concessional sales. And if most of the rupee sales proceeds were made available to India as loans and grants for economic development, they would be a great help to that country in financing its development plans.

Importing these commodities under concessional sales would also help India save its limited foreign exchange for its development program instead of having to spend it for food and fiber imports. Over the next several years, India will have trouble obtaining all the foreign exchange needed both for normal government expenditures and for economic development. Traditional Indian exports like tea and manufactures of cotton and jute must compete on declining world markets; the cost of imported capital goods to carry out development programs is increasing; and much of the additional production from the new factories is finding a ready market at home and is unlikely to become important as a foreign-exchange earner.

Because agricultural and industrial production may not reach the levels projected by the time the Second Plan ends, gross national income will not do so either. So, for the Third Plan—which is now foreseen as even larger than the Second—India will not be able to provide the investment funds needed. Therefore, the Third Plan is likely to call for a higher level of deficit financing and more investment capital from external sources than in the Second Plan. Here is the point at which the currency generated by sales of U.S. farm surpluses under concessional terms could be of great use.

Planning for the Future

There is still much to be learned about how commodity aid has worked out so far in economic development before we can plan effectively with the recipient countries for its future use. On our side too, good planning is needed. The surpluses now in being and those that may be added in the next few years are likely to keep the United States in the surplus-utilization business for several years to come.

To give background for this planning, the USDA's Foreign Agricultural Service is undertaking a series of research projects in India and other less developed countries which will investigate the long-term supply and demand positions of the countries for certain agricultural products and project the situation for them to 1965 and 1975.

Another series of studies which is contemplated will investigate various development programs already under way, to determine how much new employment and increased income such programs generate, how much they increase food demand that could be satisfied by U.S. farm products, and how much the local currencies derived from the sale of these products can contribute to the financing of economic development programs.

These two study series should supply yardsticks for deciding how U.S. farm surpluses can best help economic development in the Far East and throughout the world, and thus help lay the foundations for an expansion in commercial outlets for farm and other products.

This warehouse can store 4 million pounds of cheese. Perfect aging is assured by control of light, heat and humidity through perforations in ceiling and floor.

Nearly 10,000 feet of switchboard-controlled conveyor belts quickly move Gouda and Edam cheeses from unloading point to warehouse's 48½ miles of shelves.

Holland Leads Europe
In Ultra-Modern Cheese Storage

The cheese warehouse owned at Gouda in the Netherlands by a big dairy cooperative decreases costs and increases competitive strength through a streamlined efficiency unmatched in other dairy countries of Europe.

Cheese, being wrapped for shipping, is Holland's most valuable farm export.

The Gouda warehouse features maximum automation in every phase of operation enabling it to provide more effective year-round service to the export trade.

The International Age in Agriculture. III.

The Communist Bloc's technical assistance programs in underdeveloped countries were appraised by Thomas C. Mann, Assistant Secretary, Department of State, in the fall lecture series of the USDA Graduate School. A condensation of his talk follows.

In surveying Soviet Bloc aid activities, one of the facts which I think you will find interesting is the relative neglect of the rural economy. For every Soviet ruble allocated for such projects as developing sugar cane acreage in Ceylon, many more are allocated for the construction of steel mills, cement plants, or oil drilling operations. And this, despite the fact that in most of these countries agriculture accounts for the bulk of the national income.

Why, then, do the Russians pay relatively little attention to this sector of the economy which must carry a major part of the burden of financing economic development? The reasons are varied but a major factor stands out—propaganda, impression, show, the desire to reap quick psychological gains. To the laborer on a rubber plantation in Indonesia and to the shopkeeper in an Indian bazaar, an operating steel mill has tremendous appeal. Despite the basic need for improved methods of production and marketing in agriculture, crop diversification, and the like, industrial projects are often far more spectacular. They symbolize economic progress, prestige, economic independence. The Bloc has shrewdly catered to such desires with the object of becoming closely identified with nationalistic interests. At the same time, they fan anti-Western prejudices, repeatedly charging that Western aid programs, with their considerable attention to direct agricultural assistance, are designed to keep the less developed countries in a "colony status" as producers of raw materials.

Nevertheless, we must remember that many of the Bloc-sponsored aid projects, such as dams for water conservation and irrigation, factories for the processing of fruit, sugar, and cotton, or milling flour, even improved transport facilities, have an overall effect on agricultural development. Thus, by interpreting aid to agriculture in a broad sense we find that agricultural development plays a more significant role in the Communist Bloc's economic offensive than is at first apparent.

There are several general characteristics in which Bloc economic and technical aid programs differ from Western aid programs. Bloc technical assistance is usually concerned with specific projects, such as a steel mill in India, a hospital in Cambodia, an Aswan dam in Egypt, or the building of a road and tunnel through the Hindu Kush mountains in Afghanistan. The Soviet Bloc has no separate overall aid program like that of ICA or the Colombo Plan, with their long-term emphasis on education, vocational training, and research. When a Rumanian petroleum expert arrives in India he is there for a specific phase of an oil drilling project and after a relatively short period he will probably be returned to Bucharest. Contrary to Free World practice, Soviet Bloc technicians are, with few exceptions, paid for by the country where they work—usually under a credit arrangement.

Magnitude of Aid

Any appraisal of Bloc economic and technical assistance would, of course, be incomplete without some mention of the magnitude and scope of Bloc credits and grants. These are the financial sinews of the Bloc's economic offensive. And it is here that we can observe the rapid expansion of this economic offensive over the amazingly short span of 5 years.

In 1954 Sino-Soviet Bloc credits and grants to less developed countries of the Free World were less than $11 million. Today, November 1959, they total $3.2 billion, including about $800 million for arms and military technical assistance. In this picture, the Soviet Union has extended $2.4 billion, the European satellites $650 million, and Communist China $150 million.

Perhaps even more startling than the total figures for credits and grants is the amount extended in this year alone, $882 million, all for economic aid. The year 1959 witnessed some important credit announcements by the Kremlin: $100 million to Ethiopia, $87 million to Afghanistan, $35 million to Guinea, $420 million to India, and $137 million to Iraq. And these are only some of the more important.

I think it especially significant to note the distribution of Bloc aid to the less developed countries. Approximately 92 percent of all credits and grants have been extended to eight nations—India, Indonesia, Iraq, the United Arab Republic, Afghanistan, Ethiopia, Argentina, and Yugoslavia.

Except for the military deals, utilization of Bloc credits has been fairly slow. By June 1959 only 40 percent of the economic credits had been utilized. However, some 80 percent had been contracted for or earmarked for specific projects.

Grant aid—as distinguished from credits—has not been very popular with the Communist Bloc. But when the political motives are strong, the USSR has made a few exceptions. Since 1955 the Sino-Soviet Bloc has extended $167 million in grants to less developed countries in the Free World. During 1959 the USSR made its first development grants. Afghanistan received $80 million for a major highway. Nepal, which refused to accept Soviet offers of credit, received a grant of $7.5 million.

Bloc Technicians

Just as Bloc credits and grants have increased, so have the number of Bloc technicians in the less developed countries. In the first 6 months of 1958 they totaled 3,700; by the end of that year they had soared to 6,100, a 65-percent increase, most of which was accounted for by the flood of economic technicians. We estimate that the cost of technical services to date accounts for between 10 and 20 percent of the

credits extended to the countries receiving aid.

With relatively few exceptions, Sino-Soviet Bloc technical personnel have maintained a good record in their host countries. They are hard-working, well-disciplined, and regarded as competent in their special fields. Relations with local people are somewhat limited but generally cordial. Contrary to what has frequently been reported, they are not generally fluent in the language of their host country and on the surface at least, they appear to make no effort to indoctrinate local people with Communist ideas. Nor do they associate openly with local Communists.

Other Aspects of Program

There are other aspects of Bloc technical assistance which help round our picture of the overall Bloc aid program and some of its features. Assistance in public health and medicine, although comprising a relatively small part of the Bloc's assistance program, is becoming increasingly important. It acquires added meaning because of the direct and personal contact which it provides with local populations. And it lends itself admirably for propaganda purposes. The arrival of Soviet doctors and nurses to open a hospital or a new shipment of vaccine from Prague receives maximum play through Soviet and local Communist propaganda media.

In the field of economic planning, the Bloc has provided several less developed countries with skilled economists and administrators, many of whom occupy very high official positions in either the USSR or the Satellites.

The Bloc has also been active in bringing large numbers of young Iraqis, Syrians, Indonesians, and Indians to Soviet and East European universities and factories for scientific and technical instruction. Many others will be trained in Soviet-aided vocational training centers within their own native country. Many of these students will presumably man the various industrial projects now being constructed under the Bloc economic offensive. It is, of course, obvious that they are exposed to a substantial amount of Communist political and ideological indoctrination during their training, and some countries have already cut back on their plans to utilize Bloc facilities because of this.

Agricultural Aid

As I have indicated, Bloc aid relating to agriculture in the less developed countries has for the most part comprised credits and technical assistance for major engineering works and industrial projects related to agriculture. Probably the most outstanding is the proposed construction of the first stage of the Aswan Dam in Egypt, which is being financed under a $100-million credit. The entire Aswan complex when completed will irrigate 2 million acres of land and will increase the total amount of arable land in Egypt by 20 percent. The Bloc has also agreed to construct or help in the construction of dams in Syria, Indonesia, Afghanistan, and Ceylon. In Syria a dam on the Euphrates River will eventually be part of a larger complex irrigating 750,000 acres.

Several Soviet credits and grants have specifically provided for the purchase of agricultural equipment. After visiting India in 1955 Khrushchev sent that country five shipments of Soviet agricultural machinery valued at $1.5 million. The machinery was put into operation on a state-owned farm in Rajahstan. In September 1958 the USSR sent Ceylon 500 tons of equipment to clear away jungle and prepare land for a large-scale sugar plantation at Kantalae. This equipment—recognized by the Ceylonese as inferior to U.S. farm equipment—was accompanied by Soviet agricultural experts and tractor drivers. Some 1,600 acres of sugarcane were planted and additional plantings of 1,600 acres are scheduled to take place every year through 1961.

Another form of agricultural aid, which in one instance boomeranged rather badly to the Bloc's disadvantage, has been the construction of sugar refineries in several different countries. The refinery to receive the most publicity—unfavorable publicity—was the one in Indonesia. Built by the East Germans, it was scheduled to begin production in 1956, but was not officially inaugurated until May 1958, and it broke down shortly afterwards. The losses, both financial and propaganda, caused by this breakdown were considerable. The mill finally began operating again in June 1959, 3 years behind schedule.

It is only in Burma that we find a Bloc-sponsored technical assistance program which in any way resembles the type of technical assistance rendered by the United States. During 1958 about 20 Soviet agricultural specialists were in Burma working directly on such projects as irrigation, soil classification, research, plant breeding, and the construction of a 5,000-acre model farm. Experiments were also carried out in an effort to develop some improvement in animal-drawn plows. These experiments were largely unsuccessful. The Burmese felt that the cost of the Soviet plows was far out of proportion to their efficiency. Early in 1959 most of the Soviet agricultural technicians left Rangoon because, as an economy measure, the Ne Win Government did not renew their contracts.

In reviewing the high points of Soviet Bloc aid to underdeveloped countries, we have seen a rapid expansion of credits and grants from the Soviet Bloc to countries in Asia, Africa, and the Middle East—countries which are largely agricultural. And we have noted that the bulk of Sino-Soviet Bloc technical assistance to these nations has ignored, or appeared to ignore, their need for agricultural assistance. A major reason probably lies in the political motivation behind the Bloc aid. But there may well be another important factor. By their own admission, Soviet agriculture is still a comparatively weak sector of the economy, with productivity on Soviet farms far below that in the United States. Lack of experience in tropical agriculture and emphasis on large-scale farming may also affect the suitability of Soviet technicians for dealing with many of the problems in the less developed countries of the Free World.

I would like to close on this note: that the Soviet ability to aid underdeveloped countries is particularly limited in the field of agriculture. And in this field, American superiority over the USSR is particularly great—with American productivity, scientific development, education, and system of management standing out head and shoulders above the Soviet system.

The Common Market "Six" Moves To Unify Agricultural Policies

Late last year the European Economic Commission issued proposals for a common agricultural policy. In this article Oscar Zaglits, former FAS economist and now a member of the U.S. Mission to the European Communities, reviews the agricultural problems of the six countries. Next month he will consider the proposals to resolve them.

In 1957, when the six European countries—Belgium, France, Germany, Italy, Luxembourg, and the Netherlands—agreed to form the European Economic Community (EEC) for the purpose of establishing a common market, they also agreed to set up within 2 years a common agricultural policy. Late last year, the EEC transmitted a draft for such a policy to various groups in the Community for their comments. These proposals are intended to encourage structural improvements, to merge the six agricultural markets, and to unify agricultural policies and programs.

The problems of European agriculture result from various things. Some are caused by structural shortcomings. Others stem from the comprehensive national support programs which exist in all six countries and which, along with technological progress, have stimulated expanded production. To understand the new policy proposals, it is necessary to begin with the problems themselves.

Structural Shortcomings.— Structurally the shortcomings of European agriculture are principally these—

- The average size of farms is small. Holdings with less than 25 acres account for more than half of the farms in France and Luxembourg, two-thirds of the farms in the Netherlands, over 70 percent in Germany, over 80 percent in Belgium, and roughly 85 percent in Italy.
- In most regions the land belonging to a farm is fragmented in small parcels, spread over a wide area.
- Dense settlement in villages often leaves inadequate room for the erection of modern farm buildings.
- In relation to the natural resources, too large a number of people in the six countries, and especially southern Italy, are dependent on making a living off the land. Judging by modern standards, many of them are actually unemployed or, at least, underemployed. On an average, the land in farms (crops and grassland) per person employed in agriculture is only 11 acres in the Common Market counties, compared with 130 acres in the United States.

National Farm Programs.— These structural shortcomings would, under free competitive conditions, seriously depress farm income, especially that of small farmers. To prevent this, national agricultural policies have resorted to programs involving high price supports, market guarantees, and a variety of direct and indirect subsidies. But even these have not been able to raise the income of the small farms to a satisfactory level. The larger farms, on the other hand, have been enabled by these programs to modernize and expand production.

Because of the low income level of the small farms, many farmers and farm workers—or their sons and daughters—left the farms of Europe after World War II. Thus, the number of small farms decreased and those of medium size increased. As for the fragmented holdings, consolidation of these has been going on for many years in all of the six countries. Only since the middle 1950's, however, have structural improvements on a more comprehensive basis become a major objective of European agricultural policy.

Policy and Farming Differences.—The scope and methods of government intervention in agriculture and the level of farm prices differ greatly among the Six, as the Common Market countries are called. For example, the German wheat price in 1958 was about 45 percent and the Italian wheat price about 154 percent above the French price. The German barley price was nearly two-thirds above the French. In the case of milk, the per unit returns for producers differ relatively little among the six countries, but because of differences in subsidization the market prices of butter vary greatly.

FERTILIZER APPLICATION PER HECTARE, 1957-59

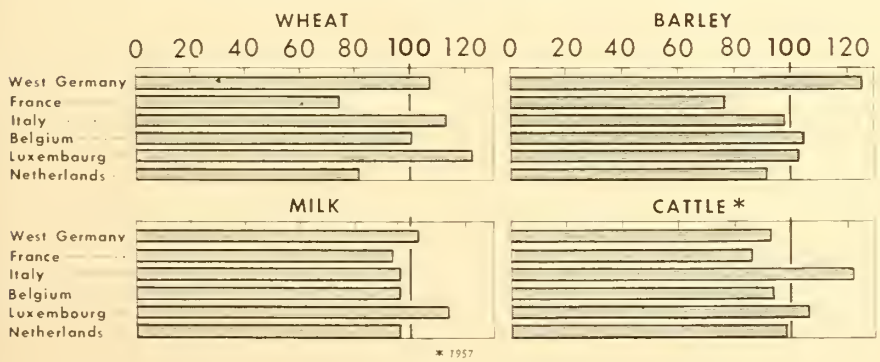
	Kilograms
Netherlands	204
Belgium	188
Luxembourg	110
West Germany	151
France	71
Italy	42

Crop and livestock yields show considerable variation. One of the reasons naturally is differences in soil and climate. Another is the degree of technological development, high in some areas, low in others, as shown, for example, in the application of fertilizers. In part, this seems related to differences in government price supports.

Production Patterns.—The relative importance of the various commodity groups in the agriculture of the six countries also varies. In particular,

Price Comparisons for 4 Common Market Farm Products, 1958

Average Price for the 6 Countries = 100%



WHEAT AND MILK YIELDS IN COMMON MARKET COUNTRIES, 1958-59

	Soft wheat		Milk per cow	
	Kilograms per hectare	Percent of prewor	Kilograms per yeor	Percent of prewor
Netherlonds	36.2	124	4,135	119
Belgium	35.5	130	3,810	119
Luxembourg	23.-	128	3,300	123
Germony	28.3	127	3,169	128
Fronce	20.8	133	2,234	120
Italy	20.3	[1]142	2,053	130

[1] All wheat.

the structure of Italy's agricultural production differs considerably from that of the other five countries. Livestock farming is only about half as important in Italy's agriculture as in that of the other countries, whereas horticulture is more important in Italy because of favorable climatic conditions. These two commodity groups represent roughly Europe's most intensified farm industries; thus, if we combine the data for livestock farming and horticulture, we find that together they account for two-thirds of total production in Italy and in the others as much as four-fifths.

The share of grains in total agricultural production is greatest in Italy—22 percent—and smallest in the Netherlands—5 percent. Grains are usually considered the key item in national agricultural policies and programs. They are a major cost factor in dairy and livestock farming, and grain prices have a decisive impact on the prices of other crops.

Self-Sufficiency.—In relation to population, the soil resources of the Six are much smaller and their structural shortcomings are much greater than in the United States. Nevertheless, farm production has expanded to the point that, taken together, the Six have become largely self-sufficient in most foods and even have surpluses of some products.

Imports.—Despite this progressive self-sufficiency, the six countries are still large importers of such items as fats and oils (excluding butter), feed grains, feed concentrates, citrus, and dried fruits. Feed grain imports have expanded over the postwar period, but in recent years the rate of expansion has declined somewhat. Further increases in grain yields, further improvements in the food-feed ratio, and further shifts from horsepower to mechanical power may arrest the upward trend in feed grain imports and even bring the Common Market area a greater degree of self-sufficiency in feed grains.

As regards bread grains, the Common Market area is an exporter of soft wheat, especially the lower qualities, but is an importer of hard wheat as well as of the better milling qualities of soft wheat. The area has been a net wheat importer, yet in recent years its wheat imports have shrunk. If per capita bread consumption continues to decline and wheat yields to rise, the wheat exports of the Six may soon equal their imports in volume.

Foreign Trade.—In the earlier part of the postwar period, European imports were restricted because of balance-of-payments difficulties. These import restrictions assured domestic agricultural products priority on the domestic market and resulted in increased self-sufficiency, which was indeed welcome to Europe after the food shortages experienced in two world wars. Partly for balance-of-payments reasons too, the soft-currency countries signed bilateral agreements.

The European balance-of-payments position improved, and in December 1958 European currencies were again made convertible. It then became apparent that the sheltered position in domestic markets that European producers had long enjoyed could only be maintained by means of import controls and/or producer subsidies; and further, subsidies or similar devices were needed to dispose of surpluses abroad. The need for bilateral agreements has disappeared, but European industries which have gained foreign markets as a result of such agreements want to see them continued. The limited amount of trade between the Six and the Soviet Bloc is also being conducted on the basis of bilateral agreements.

Need for Unity.—From this brief review, it can be seen that, in its efforts to develop a common agricultural market, the European Economic Community will find it difficult to resolve the conflict between agricultural and trade policies that it has inherited from the six countries.

AGRICULTURAL TRADE OF COMMON MARKET COUNTRIES

[Net imports = +; net exports = −]

	Prewar average	Average 1953/54-1955/56	1957/58
	Mil. m.t.	Mil. m.t.	Mil. m.t.
Bread groins	+4,004	+3,377	+1,233
Feed grains	+4,795	+4,061	+5,765
All grains (incl. rice)	+9,445	+8,254	+7,034
Potatoes	+596	−617	−632
Sugor	+710	−137	+205
Vegetables	−316	−203	−727
Fruits ond nuts	+692	+1,474	[1]+2,274
Beef ond veal	+103	+77	+250
Pork	+85	−31	−24
All meat	+223	+112	+363
Eggs	−11	+208	+165
Cheese	−36	−2	−8
Butter	−21	−10	+3
Other fats ond oils	+1,326	+1,746	+1,570
All fots and oils	+1,305	+1,736	+1,573

[1] Preliminary.

SHARES OF MAJOR COMMODITY GROUPS IN NET FARM PRODUCTION, 1957-58

[Percentoges of volue]

Commodity group	Netherlands	Belgium	Luxembourg	Germony	France	Itoly
Grains (inc. rice)	4.4	8.7	11.6	9.4	10.7	21.0
Sugar beets	2.7	3.7	—	3.5	1.9	1.7
Horticulturol products	11.1	16.0	[1]6.9	7.9	21.3	30.2
Potatoes	4.8	3.6	3.3	5.1	2.3	2.2
Other products of the soil	9.1	5.2	[2]4	2.2	2.4	10.2
Total	32.1	37.2	22.2	28.1	38.6	65.1
Beef and pork	[3]27.6	[3]28.0	[4]38.8	[3]38.1	27.0	13.8
Poultry ond eggs	13.2	11.1	[5]5.9	7.2	[6]10.6	[5]5.3
Milk ond dairy products	26.0	23.0	32.8	26.3	20.9	11.0
Other livestock products	1.1	.7	.3	.3	2.9	[4]4.8
Totol	67.9	62.8	77.8	71.9	61.4	34.9
All form products	100.0	100.0	100.0	100.0	100.0	100.0

[1] Wine only. [2] Includes sugor beets, fruits, and vegetobles. [3] Includes other meots (except poultry). [4] Includes poultry. [5] Eggs only. [6] Includes robbits.

DRY BEANS and PEAS

-- international trade in these protein-rich foods is growing fast.

By Orval E. Goodsell
Grain Division
Foreign Agricultural Service

From earliest times, beans, peas, and other legumes have ranked among the world's leading food crops. Even today, despite the wider distribution of the so-called luxury foods, these staple legumes account for a significant share of the world's production and trade in farm products. Current production of legumes—pulses, as they are often called—is estimated at 15 million to 20 million tons. International trade is important and prospects are that it will increase, especially in beans and peas.

Principal reason for this expanding trade is that pulses are a cheap source of protein and some essential amino acids such as lysine. In these nutrients, certain kinds of beans and peas rank well above many other vegetables and very close to milk and meat. For many people in the world, pulses supply most of the protein in the diet, especially in those countries where income level is low or where meat is not commonly eaten. Also, pulses are an international food. There are few countries that do not have some favorite dish like our own Boston baked beans, the frijoles of Mexico, or the mung bean sprouts of the Orient.

Family History

The pulses belong to that great family of seed plants knows as the Leguminosae, numbering some 12,000 species and ranging from trees to tender climbing vines. Only a few pulses enter importantly into international trade—beans, peas, lentils, garbanzos (chickpeas), and mung beans (for sprouting). Beans and peas are most important in the Western Hemisphere; garbanzos, lentils, and mung beans in Asia.

The recorded history of the common kidney-shaped bean—of which the United States now produces a dozen commercial classes—began with the discovery of America. But beans had been cultivated in America for untold years before 1492. They have been found in pre-Columbian Indian tombs, in a diversity that suggests a long period of cultivation in America. The earliest known reference to cultivation of beans in Europe was in 1542.

Domestication of the garden pea is so ancient that its wild prototype has never been found; either it no longer exists, or the modern pea has become too unlike its ancestor. It is certain, however, that the garden pea had an early introduction in northern Europe as far west as England and in Asia as far east as China.

Production

America still produces the bulk of the world's 5 million tons of common and lima beans. Production centers in South America and fringes out through North America, Europe, and Africa. The largest producers are Brazil, 1.5 million tons; the United States, 850,000; and Mexico, 390,000.

Peas grow in many countries, but production of the world's 4 million tons of dry peas centers in the Orient and in the northern parts of Europe and North America. The largest pea producers are China, 3 million tons; India, 500,000; the United States, 150,000; and the Netherlands, 100,000.

Trade

International trade in beans and peas is confined principally to Europe and North America, with Africa and South America contributing some exports. Trade in the Orient is much smaller than that in the West, and with minor exceptions involves pulses other than the common beans and peas.

Though numerous countries export and import common beans, 90 percent of the world total is handled by less than a dozen countries. Biggest exporters are the United States, the Balkans, Africa, and Chile; biggest importers are Cuba, the United Kingdom, Mexico, Germany, and France. The United States supplies one-third of the beans exported annually, and the Balkans, Africa, and Chile, most of the rest.

Of the large world trade in peas, 30 percent originates in the Netherlands, 20 percent in the United States, and 15 percent in Morocco. Part of this trade flows into the United Kingdom, West Germany, and other parts of Western Europe; another part, from the United States south into Latin America.

For both beans and peas, the trend of world trade has been upward. Total imports of the countries that are major users almost doubled in the past 10 years. A sharp drop in trade occurred during and immediately after World War II for lack of supplies; bean imports still are running nearly 10 percent below prewar, and pea imports are only slightly above prewar. Yet, though trade has not kept pace with world population and economic growth, it is recovering lost ground rapidly. From the postwar (1945-49) averages--188,000 tons of beans and 79,000 of peas—bean trade had jumped 62 percent by 1958, when it was 305,000 tons, and pea trade had jumped 167 percent—to 211,000.

TREND OF U.S. BEAN EXPORTS TO MAJOR WORLD AREAS

Year	West. Europe	Latin Amer.	Other areas	Total
	1,000 m. tons	*1,000 m. tons*	*1,000 m. tons*	*1,000 m. tons*
Average:[1]				
1935-39	5	4	1	10
1940-44	11	76	3	90
1945-49	17	60	4	81
1950-54	73	38	8	119
Annual:[2]				
1955	53	32	16	101
1956	59	50	16	125
1957	79	2	8	89
1958	123	55	6	184

[1] Calendar years. [2] Marketing year beginning September 1.

Recent political changes in Cuba have aroused fears among U.S. exporters that Cuban bean imports might drop; this would be a serious matter for U.S. bean exports, especially of colored beans. Cuba is the world's largest import market, taking a third to a half of total bean exports from the United States; and 80 percent of these are the colored classes. Thus far, however, bean imports under the new political regime in Cuba have reached new heights. As of the end of August 1959 (the close of the 1958-59 marketing year), U.S. exports to Cuba totaled 52,000 tons for a new record high.

Several other Latin American markets are growing rapidly too. Economic conditions are improving with greater industrialization. Population is increasing rapidly. People are moving to the cities and raising the pressure for dependable commercialized food supplies, as opposed to the self-sufficient family-garden economy of the past. Supermarkets and standardized packaging of beans, although still a fraction of what they could be, are expanding. At the same time, domestic bean production is decreasing in some areas where more crops like cotton and hybrid corn are being planted. The result of all this is that bean imports from the United States have rocketed upward—from the prewar 9,000 tons to an all-time record of 179,000 tons this season.

The European market is growing even faster in some ways than the markets in Latin America. The outstanding feature in Europe is the growing demand for canning beans. More than 50,000 tons of beans went into cans in England alone during each of 3 recent years, and 3,000 tons in France—2½ times the volume of 10 years ago. It is largely because of canning that per capita bean consumption has almost tripled in the United Kingdom since prewar days. Bean canning is gaining a good foothold too in Italy, Germany, the Netherlands, and other countries.

Canners and supermarkets both need good-quality beans of unmixed variety, in steady, dependable, expanding supplies for processing into standardized canned and prepackaged products. For meeting these specialized needs, the United States has a unique advantage in that it produces large amounts of several specific classes of beans. In fact, its production of pea beans alone is bigger than the total bean output of any other major bean-exporting country; so is its production of pinto beans. In the 1958-59 season, its bean output was divided as follows:

	1,000 m.t.		*1,000 m.t.*
Pea beans	232	Small red	66
Pinto	217	Lima	66
Great Northern	87	Other	193
		Total	861

Unless the upward trend for packaging and canning reverses, the need for beans tailored to specific needs will continue to grow. The major canneries, for example, want a small white bean of uniform size and cooking characteristics, like the Michigan pea bean or the California small white. The large Cuban import market wants principally red beans; the Mexicans pinto beans.

The prospects for U.S. pea exports also appear good. As with beans, canning of dry peas is important and growing more so. Canned dry whole peas, often called soakers abroad, are used much as canned fresh peas are in the United States. The United Kingdom has one large canning plant and several smaller ones that handle these legumes. This industry has sprung up also in the Philippine Republic, mainly since the end of the war; Manila alone has at least four small plants.

Whether for usage in canning or otherwise, U.S. exports of dry peas have revealed a sharp upsurge in recent years. During and immediately after the war, exports were large also; but most of them were under government programs. Since 1952, however, when data by classes first became available, commercial exports of Alaska peas have jumped 237 percent and those of yellow peas 128 percent.

U. K. Still Our No. 1 Foreign Farm Market

The United States in 1958 exported agricultural products to over 100 countries, but nearly three-quarters of them went to 14 countries and about half to only 6 countries: The United Kingdom, Japan, Canada, West Germany, the Netherlands, and India.

When complete statistics for 1959 are available, it is quite possible that this order will have changed. Figures for fiscal 1959 (year ending June 30) show the United Kingdom still in the lead but with Canada second and Japan third, followed by West Germany, India, and the Netherlands.

In 1958, U.S. exports to the United Kingdom dropped by a fifth in value from the peak of 1957—chiefly because of the relatively high price of U.S. cotton and the depression in the British cotton textile industry.

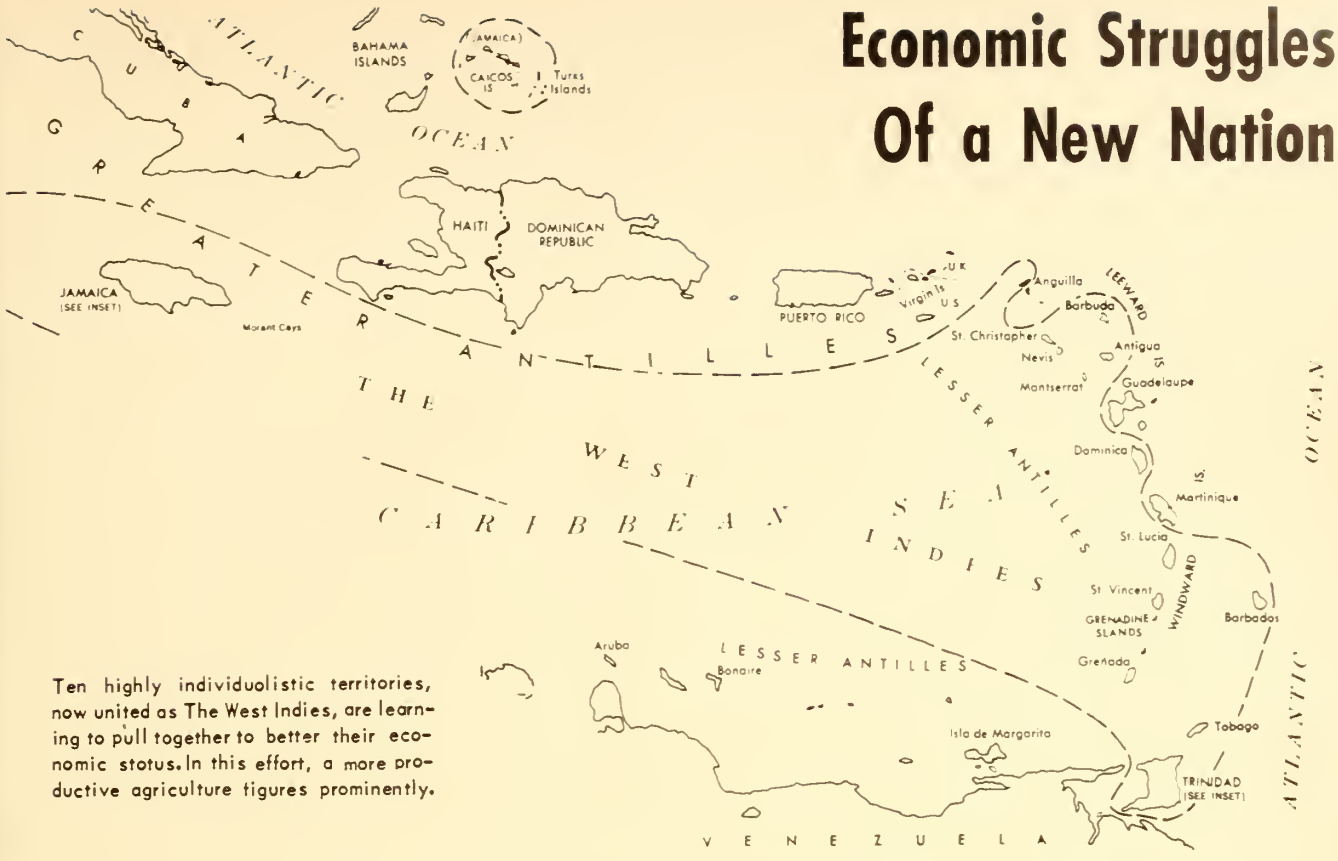
Japan retained second place, in spite of a 20-percent decline in value of U.S. shipments. One product—U.S. soybeans—gained a larger share of the Japanese market than it had the previous year, benefiting from China's embargo on trade with Japan.

Canada which had ranked fourth in 1957 moved up to third place, exchanging places with West Germany. Canada's farm imports from the United States were only 3 percent short of the high 1957 level. Fruits and vegetables lead, but U.S. oilseeds and animal products gained in relation to imports from other sources.

West Germany reduced its farm imports from the United States by almost a third, taking much smaller amounts of U.S. cotton and fats, oils, and oilseeds than in 1957. The only U.S. product to gain a larger share of West Germany's agricultural imports was tobacco.

The Netherlands and India also reversed positions, with India dropping back to sixth place. U.S. farm shipments to the Netherlands in 1958 declined by only one-sixth; however, in 1958 feed grains ranked as the leading U.S. commodity whereas in 1957 fats, oils, and oilseeds were first. India, a major importer of food grains, lost fifth place because P.L. 480 sales of wheat and cotton to India were lower.

Economic Struggles Of a New Nation



Ten highly individualistic territories, now united as The West Indies, are learning to pull together to better their economic stotus. In this effort, a more productive agriculture figures prominently.

By Agnes G. Sanderson
Latin American Analysis Branch
Foreign Agricultural Service

This new nation,[1] The West Indies, is courageously facing up to numerous and varied economic problems. The fact that many of these problems were foreseen has not lessened the difficulty of reaching a satisfactory solution. Geography alone is a serious handicap. The islands in the federation are not contiguous but are widely scattered in the Caribbean Sea, with the two largest, Jamaica and Trinidad, 1,135 miles apart. Yet despite this and other obstacles, the federation's members are determined to guide this new nation through the rough waters to absolute independence in a few years.

Interisland Cooperation

The Federal Government has inherited all the problems of the islands stemming from their underdevelopment, overpopulation, and sparse resources. In a successful federation, the more prosperous islands must lead the way in overcoming the difficulties which have now become the problems of all. At the same time, there must be interisland cooperation; this, in fact, is the first essential of federation.

To the Prime Minister falls the tremendous task of moulding into a single unit those very individualistic islands, each with its own economic level and all of them producing somewhat the same crops and therefore in competition with one another. But already the horizon of thought is stretching beyond the shores of a single island. Jamaica, one of the oldest banana exporters in the Western Hemisphere, is sharing its know-how with the smaller islands that are rapidly increasing their production. Also, Trinidad's contribution to agriculture throughout the Caribbean is well known, through the research work of the Imperial College of Agriculture in that island.

Struggle Over Finances

The first step to development is adequate financing. A new nation needs funds to operate and to carry out decisions. It must help needy areas develop and improve their communications and expand and intensify their agriculture. A federal tax to establish a source of funds has been proposed by the Prime Minister, and the islands are yielding slowly to the idea of having their own source of funds tapped by the Federal Government. They realize that Dominion status means more than prestige; it means strengthening the Federal Government by increasing its revenue and its powers. The Prime Minister, however, has given assurance that the Federal Government has no intention of interfering with tax and other concessions granted to investors under territorial laws as they now stand.

Agriculture and Trade Problems

Since the economies of most of the islands are primarily based on agriculture, much of the financing will go into building up crops and livestock. The island governments for some time have been struggling with the problem of economic dependence on one or two export crops, chiefly sugar and bananas. Efforts are being made to broaden the base by giving incentives for increased

[1] The West Indies became a new nation early in 1958 with the federation of 10 British West Indian territories—Antigua, Barbados, Dominica, Grenada, Jamaica, Montserrat, St. Kitts-Nevis and Anguilla, St. Lucia, St. Vincent, and Trinidad and Tobago.

plantings of citrus, coffee, and cacao, and these efforts are having success.

Another major concern of the islands is the large annual expenditure for food imports. The amount spent in 1956 for meat, vegetables, milk, and other dairy products was more than $27 million. The Federal Government hopes to reduce the expenditures for these particular items by boosting the domestic production. It also hopes to coordinate the economies of the islands so that each may concentrate on producing the crops best suited to its soil and climate. For example, the best sweet potatoes are produced by Barbados and St. Vincent. Montserrat has good soil and excellent conditions for growing tomatoes. Carriacou, a dependency of Grenada, is well suited for raising cattle, especially since it has been found that Pangola grass thrives on its soil whereas most other agricultural crops will not.

These islands can supply each other with a large part of their food requirements, and the larger islands, which have been introducing secondary industries, can supply many of the other consumer needs of the smaller islands. Still, the West Indies Federation does not expect to become self-sufficient in food. Greater production will help meet the demands of an increasing population; but as the economy expands and the level of living is raised, larger quantities of flour, animal and poultry feeds, supplemental fruits and vegetables, as well as various other types of meat, poultry, and dairy products, will have to be imported from abroad to augment the local supply. Also, more cotton and tobacco will be needed for local industries. In 1958 the United States exported more than $18 million worth of agricultural products to this group of islands. The islands export the greater part of their sugar and citrus and practically all their bananas to the United Kingdom, where they enjoy a protected market.

Customs Union

Tariff laws, rates of duty, and the administration of the customs regulations differ in the various islands. Discussions and studies are now under way to establish a customs union that would provide a common external tariff and a common market with internal free trade. The forming of such a union, however, is a steep hurdle for the federation, particularly since certain islands want to protect their industry against imports from other islands. Recommendations already made by a specially appointed commission suggest a 2-year period in which detailed plans will be made. This would be followed by a 5-year transition period during which the existing restrictions between the islands would be eliminated gradually and the new outside rates of duty applied.

Also, the commission finds that freedom of movement of persons (unrestricted migration between the federated islands) is a necessary corollary to the customs union. This is another hurdle. People tend to flow toward centers of activity and prosperity in the larger islands, and with the barriers removed, the prosperous islands fear they might be faced with an influx of would-be workers that would swell the ranks of unemployed and create local problems. The Federal Government, however, in an effort to expand production facilities in the smaller islands, plans to build roads to open up land and make markets accessible to the farmer.

Outside Assistance

The Federal Government and the island governments have sought and received expert advice on agricultural and other problems connected with their development from many quarters, including the Caribbean Commission, the United Nations Specialized Agencies, the Development and Welfare Organization of the United Kingdom (Colonial Office), and the U.S. International Cooperation Administration. Special committees have been studying the more complex questions, such as the customs union.

A new cooperative service agreement was signed in June 1959 providing for ICA technical cooperation activities throughout the federation. A cooperative agreement also was signed in the same month between the Federal Government, the Governor of the Windward Islands, and the ICA. U.S. technicians are already studying the problems of these smaller islands.

Thus, with the wholehearted efforts of its members and with some outside guidance the federation should be able to face its problems and develop into an enterprising new nation. This means that the islands will need to increase the efficiency of their agricultural production, export more of their products, learn more about their problems, and cooperate to the fullest extent. A nation that takes these steps can usually expect success.

Soviet Grain Harvest Hit by 1959 Drought

The dry weather which prevailed over much of the Soviet Union in 1959 may have reduced the grain harvest as much as one-fifth below the 1958 bumper crop and will be a determining factor in the size of the 1959-60 Soviet wheat exports into Western European markets.

Drought conditions were reported last summer in the major wheat-producing areas, including the North Caucasus, Volga, and Ural regions, and the Ukraine. The Soviets have not published the size of this year's total grain harvest and estimates vary from 113 million metric tons to 100 million, this last based on the size of state procurements as of November 1, 1959.

Quantities of wheat available for export from the USSR will be determined by the government's decisions on carryover stocks and the related problem of expanding livestock numbers and a limited feed situation. Drought abroad in some of the Communist Bloc countries has also sharpened their demand for wheat, which in recent years has accounted for approximately 80 percent of the total Soviet wheat exports. The effect of the drought in some areas of the European market will also be a factor in the demand for Soviet wheat.

Since 1957 the Soviets have more than doubled their wheat exports into Western Europe, reaching a reported 1,062,000 metric tons in 1958-59. However, the Soviet government may continue to develop the political potential of Western European markets by maintaining substantial wheat exports this year even at some expense to USSR carryover and despite Communist Bloc demand.

TRADE PROSPECTS FOR OILSEEDS AND PRODUCTS

World production and trade in oilseeds and oilseed products is expected to move upward again in 1960, with the U.S. share rising in proportion. A small decline in the output of edible vegetable oils should be offset by an increase in coconut oil. World exports of coconut oil will also rise somewhat; those of edible vegetable oils and oilseeds will decline somewhat, and the United States will furnish a greater percentage.

Vegetable Oils and Oilseeds

Government programs such as Public Law 480 and ICA accounted for the major share—about 70 percent—of U.S. cottonseed oil and soybean oil exports in the 1958-59 marketing season. While these exports will continue at a high level in the current season (which began on October 1), dollar sales are expected to make up a larger share of the total than they did a year ago. These U.S. exports are being encouraged by competitive prices. For example, U.S. soybean oil, which in most recent years has sold for about 2 cents per pound above coconut oil, is now selling substantially below it; and U.S. cottonseed oil is selling for a lower price than African peanut oil.

U.S. soybean exports in 1959-60 are expected to continue their annual practice of setting a new high. Northwestern Europe is the largest market for U.S. beans. Japan, the next largest, took nearly 35 percent of the total in the past marketing year. There, however, U.S. beans are used mainly as a high-protein food, in contrast to Europe, which uses the meal as an animal feed and consumes the oil separately. Sizable quantities of U.S. soybeans go also to Canada, Israel, and Taiwan.

Besides the United States, the two key sources of exportable supplies of vegetable oils and oilseeds are Communist China and West Africa. Current reports indicate that China's total oilseed production is below last year's. Though the soybean crop is expected to be only fractionally smaller, the peanut and cottonseed crops are believed to have gone down considerably, because of drought. On the basis of this, one might assume that China would have less to export in 1960, for its per capita consumption is reported to be extremely low and hardly capable of further cuts. However, political considerations and the need for foreign exchange continue to be more important than home demand in determining the level of exports from Communist China.

From West Africa, reduced exports of peanuts are expected in 1960, reflecting the much lower stocks on hand November 1 than at the beginning of the previous marketing year. Smaller production in Senegal was partly offset by increased production in Nigeria.

The Mediterranean Basin will have more olive oil available this year. However, because little of this oil enters into world trade, the major effect of the increase will be to cut the import requirement of oilseeds and vegetable oils in this generally deficit area. For the United States, that would mean substantially reduced takings by Spain of U.S. edible oils under P.L. 480.

India, once a major exporter of oils and fats, no longer figures importantly in the world's vegetable oil trade. Argentina, which in some years has exported substantial quantities of edible oils, has been out of the market since last spring because of crop decreases. Canada, which exports nearly all of its rapeseed, has a sharply reduced crop.

In both the Philippine Republic and Indonesia, 1959 was a bad year for exports of copra and coconut oil. The Philippine crop suffered badly from drought, while Indonesia's exports were down as a result of increased domestic use and transportation difficulties. A little more coconut oil may be available for export in 1960, but most of the increase will probably take place near the end of the current marketing year.

Oilcakes and Meals

During the past several years, the United States has supplied over a third of the world's exports of high-

protein vegetable oilcakes and meals (including the meal equivalent of oilseeds). Exports this coming marketing year are expected to hit a new high, for three main reasons: Increased demand for these feeds in northwestern Europe because of last summer's drought, which reduced supplies of other feedstuffs; an upward trend in the utilization of mixed feeds containing cake and meal; and continued strength in consumer demand for animal products.

Western Europe and Asia are the primary markets for U.S. oilcakes and meal, and during recent years these two regions have taken about a half and a third of U.S. exports, respectively. The rest has gone largely to Canada and Cuba. Europe's growing demand for high-protein cattle feed will no doubt lead to a sharp increase in U.S. exports of cottonseed meal and cakes, which are used largely for that purpose. Soybeans and soybean meal will also benefit from the larger demand for cattle feed, as well as from increased poultry production and expansion of the mixed-feed industry.

The major high-protein exports are the cakes and meals of soybeans, cottonseed and linseed, including the cake and meal equivalent of these oilseeds. Foreign tariffs are generally higher for cakes and meals than for the oilseeds themselves, and as a result, total exports are usually around 80 percent in the form of oilseeds. During recent years, the United States has exported about a fifth of its total output of high-protein vegetable oilmeals, including oilseeds destined for crushing abroad. This year, the proportion might rise to a fourth.

The fundamental long-run export strength of these high-protein commodities derives from two sources—an increasing demand for high-quality animal products in Western Europe and an increasing demand for protein in protein-scarce Japan. U.S. cottonseed and soybeans are helping meet these needs. Research on animal nutrition has already led to the use of more high-protein supplements, particularly soybean meal, in animal rations. As the application of this research becomes more widespread, demand for U.S. oilseeds and products will very likely increase even more.

World Per Capita Farm Production Slightly Under Last Year's Record

The world's per capita agricultural output in 1959-60, though 2 percent lower than in 1958-59, is still second only to that year's record high level. Total production, however, is expected to match last year's record.

New production records are forecast for the United States, Africa, and the Far East (Mainland China excepted). Production has risen in Canada and Eastern Europe.

In the past 5 years, farm output has increased sharply nearly everywhere. Much of the increase is due to better weather, much to expanded acreage—notably in the Soviet Union—but much also to improved farm techniques in both developed and less developed countries. Continued improvement is foreseen; but consumption may well outpace production, at least in the Far East and perhaps in Latin America too.

Production

Growing conditions generally have been less favorable for this year's crops than for last year's. Reduced yields are responsible for nearly all the drop expected in world wheat output. Expanded acreage, however, helped account for a rice output close to the 1958-59 level, an unchanged feed-grain output, and a record cotton crop, though it did not prevent a drop in sugar-beet production. Decreases in output are in prospect for apples and pears, soybeans, peanuts, and flaxseed; increases, for citrus, olive oil, cottonseed, tobacco, coffee, tea, and cocoa. Increases for meat and animal fats, poultry and eggs, and wool will be only partly offset by a probable decrease for milk.

Supplies and Demand

Sharp increases in stocks have partly compensated for decreases in wheat and sugar output and raised supplies of feed grains and coffee to new highs. Cotton stocks, on the other hand, are still well below the August 1956 peak; but the bigger crop expected will bring supplies to record levels. Wool stocks declined to levels that were more nearly normal in exporting countries during 1959 as trade expanded.

Demand for food remains strong; demand for farm-produced raw materials has picked up with industrial recovery in North America, Japan, and Western Europe. By the second quarter of 1959, industrial output in most of the economically advanced countries had hit new highs. Growing financial strength was shown by a $3.9-billion increase in gold and dollar holdings abroad, mostly in Western Europe and Japan.

Several less developed countries managed to increase their small exchange reserves by anti-inflation measures and import restrictions and with the help of foreign investment, loans, and grants. But most still have serious payments problems, arising partly from efforts to finance development plans.

Prices

Not until late in fiscal 1958-59 was the recovery in the demand for raw materials of farm origin reflected in world market prices. In April-June the United Nations index of average import and export unit values for nonfood products of farms, fisheries, and forests (including vegetable oils) jumped 7 or 8 points. For foods, however, this index showed a steady decline of 8 points. Grains dropped only 2 points, but coffee, tea, and cocoa fell 5 points. Butter and cheese, however, recovered strongly, and they have since gone higher.

Trade

World trade in farm products showed some increase in 1958-59, though it was still below the 1956-57 record; and with industrial output up, trade in raw materials should increase this season. Europe's drought has stepped up demand for feeds and some foods; but fine crops in most principal importing countries may reduce world trade in food grains.

Summarized from The World Agricultural Situation, 1960, a publication issued each December by the Foreign Agricultural Service of the U.S. Department of Agriculture.

WORLD Agricultural Summaries

Cotton. The 1959-60 world cotton crop, estimated at 46.6 million bales, will set a new record for the second successive year. Significantly, however, production outside the United States is expected to decline this year for the first time since World War II. The largest declines will be in Communist China and several major Free World exporting countries, while increases are likely in Spain and some other countries striving to meet more of their own cotton needs.

Cacao. Global cacao production for 1959-60—placed at nearly 2.1 billion pounds—will be up 5.3 percent from 1958-59 output. Brazil leads in gains, but most other producing countries expect some increases.

Raisins and Currants. The world produced more raisins in 1959 than in any year since 1953. The total pack was estimated at 584,000 short tons. The United States, Greece, and Turkey accounted for the increase. On the other hand currant output, which had promised to be large, turned out to be slightly below 1958, but above the 1952-56 average. Production was down in Australia, Greece, and the Union of South Africa—the three main growers.

Jute. Smaller jute crops in the major growing areas—Pakistan, India, and Brazil—in 1959 accounted for a world crop of less than 4.6 billion pounds according to first estimates, compared with nearly 4.7 billion in 1958. Early reports indicate, however, that Taiwan, Burma, Iran, and Thailand had larger crops in 1959 than in 1958. The world supply should meet current needs.

Corn. World corn production in 1959 is estimated to have reached 7.7 billion bushels—about 5 percent above the record set in 1958. The U.S. crop, at a precedent-breaking 4.4 billion, accounts for more than half this figure; but unusually large crops have been reported too in Mexico, Yugoslavia, Rumania, Italy, France, Spain, and India.

Cameroun, a U.N. Trusteeship, Becomes an Independent Nation

On January 1 of this year French Cameroun, situated where Central Africa merges into West Africa, became an independent country and, dropping the word "French," is now known simply as Cameroun.

Occupied by Germany in 1884 and called Kamerun, this section of Africa was captured by the Allies in 1916. After World War I, part of it was mandated to Great Britain by the League of Nations as the British Cameroons while a larger part was mandated to France as French Cameroun, though it was often referred to as the French Cameroons. After World War II, both mandates were converted to United Nations trusteeships, with but little change in policy and internal administration.

Independent Cameroun will face many of the problems common to newly formed countries — need for trained administrators, investment capital, and new means of producing national wealth. As a territory, it had been heavily dependent on FIDES, the French Fund for Economic and Social Development; but now with the end of FIDES, it will badly need economic assistance from France, from other countries, or from some international organization.

The new nation is slightly larger than the State of California and its size may increase. The two parts of the British Cameroons are expected to join Nigeria, yet it is quite possible that one or both might ask for independence or for merger with Cameroun. Just two months ago, the people of Northern British Cameroons voted to defer a decision on their political future, rejecting for the present a proposal to unite with Nigeria.

In 1957, the country numbered 3.2 million people, of whom only about 5 percent were non-Africans. In the area near the Atlantic coast the rainfall is one of the heaviest in the world. Further north the equatorial rainforest gradually turns into savanna (grassland with scattered trees), while at the northern edge near Lake Chad the land is near-desert, with only 10 inches annual rainfall.

Agriculture is the main occupation, though it is chiefly agriculture at a subsistence level. The food crops are cassava (manioc), plantains, taro, millet and sorghum, sweetpotatoes, and corn. These are either used by the grower and his family or sold at village markets for local consumption.

The Cameroun economy is also largely agricultural. In 1957, farm exports made up 86 percent of the country's foreign shipments and included cocoa and cocoa butter worth $34 million, coffee $15 million, bananas $7 million, cotton $4 million, rubber $2 million, and palm kernels $2 million. Exports of wood and minerals make a significant contribution, too. A huge modern factory at Edea converts alumina shipped from France into aluminum; in 1958 the factory's production was estimated at 35,000 tons.

Agricultural imports in 1957 included beer and wine, wheat flour, sugar, rice, milk, fresh vegetables, and butter. As might be expected, a good part of the country's trade is with France. In 1957, Cameroun sent 58 percent of its exports, agricultural and nonagricultural, there and in return bought from France 63 percent of all its imports.

The United States shares in Cameroun's trade, but not extensively. Cameroun's sales to the United States in 1957 totaled $5.9 million, of which about $5.8 million represented cocoa, rubber, coffee, and other agricultural products. From the United States, it took around $4.5 million worth in imports; however, only $333,000 of this represented agricultural imports, mostly tobacco.

Even with independence, Cameroun will undoubtedly remain in the franc zone and present trade restrictions may be retained. But if restrictions on dollar imports are relaxed, the United States may find a market for its flour. In 1957 the territory imported 16,800 tons of flour, nearly all from France and the West African mills at Dakar.

Photos from American Spice Association

Left, Indian women cultivating ginger plants; above left, loading cinnamon on bullock carts for transportation to the ports in Ceylon; and above right, picking pepper berries off vines, Thailand.

OUR SPICE IMPORTS

By William F. Dobbins
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Spices have probably exerted more influence on the course of history than any of the other agricultural commodities entering world trade channels. Because of them fortunes have been won and lost, empires built and destroyed, and even new worlds discovered. Today, though their position in world trade has shrunk, a brisk business in spices still goes on—a business that is important to the countries that grow them as well as to the United States. Currently the United States is the world's leading spice importer, and New York City is the spice trading capital of the world.

The Chinese, it is believed, were the first to trade in spices; then the Arabs took over. When Rome was at its height it was the spice market of the world, and to this city the Arab merchants brought their products, fostering the idea that spices were a product of Arabia in order to keep secret the source of their supplies. After the fall of Rome, Arabia emerged as the spice center, until Venice became the great mercantile city of the Mediterranean.

It was the prosperity of the Venetian merchants that started men thinking about the wealth that could be theirs if an all-sea route could be found to the "Spice Islands." By this time Marco Polo had returned from his travels and had told of seeing spices growing in the East. And so the explorers set out.

Columbus discovered America instead of the spice islands, but 5 years later Vasco da Gama paved the way for Portugal to become the center of the spice trade by sailing to the East Indies and returning with a cargo of pepper, cloves, and nutmegs. Toward the end of the 17th century the Dutch captured this trade, but they too lost it, for with the passing of time the importance of controlling the sources of supply was overshadowed by the need for merchant ships to carry this wealth of the East to the markets of the world. Thus, for a number of years, beginning around 1800, Salem, Massachusetts, became an important spice center because of its clipper ships.

Tropical Spices

Originally the spice group included only the tropical spices, such as cloves, ginger, cinnamon, nutmeg, mace, and pepper. These are the spices that the United States still imports in substantial quantities; in 1958 they totaled over 61 million pounds valued at $18.5 million. But over the years, the

word "spices" has come to include the aromatic seeds, herbs, and capsicums, which can be grown successfully in the Temperate Zone. There is some production of these in this country, though only a few, such as mustard seed, are cultivated on a commercial scale.

The United States' No. 1 spice import has always been pepper, both black and white. In 1958, pepper accounted for almost one-third of our total spice imports. Currently, world pepper supplies are sufficient to fill the needs of all consuming countries, but this has not always been so. Most of the world's pepper is produced in India, Indonesia, and Sarawak. During World War II, the Japanese occupied the two latter countries, destroyed the pepper vines, and replaced them with food crops. Those gardens which were not destroyed were neglected, since there was no outlet for the commodity, so that by the end of the war, destruction and disease had almost eradicated the pepper industry from these important producing areas. The postwar scarcity of pepper caused prices to soar, and in 1950 they reached a record high of $2.65 a pound. Since then they have declined each year as production has mounted.

Cinnamon ranks as the most important baking spice in the United States, accounting for 11 percent of our total spice imports last year. There are two kinds—*Cinnamomum cassia,* or cassia as it is called, and another form, *Cinnamomum zeylanicum,* known in the trade as "true cinnamon." We buy both kinds, but largely cassia, which is native to China, Indochina, and Indonesia; and our source of supply is Indonesia. "True cinnamon" is grown principally in Ceylon, with some production in Seychelles; it is milder than cassia and is favored by the other spice-importing countries.

Ginger, another baking spice—it's also used for ginger ale—accounts for 3 percent of our spice imports. It derives its distinctive flavor from the dried roots of the ginger plant, which was the first of the Asiatic spice plants to be introduced into the Western Hemisphere. Today Jamaica is the principal source for U.S. supplies, followed by India, Sierra Leone, and Nigeria.

Mace and nutmeg, while classed as two spices, come from the fruit of the same tree, *Myristica fragrans.* Mace is the lacy fibrous covering around the shell of the seed of nutmeg. While the nutmeg tree is native to the Molucca Islands, a part of the Indonesian group, the largest producer is now Grenada in the West Indies, with Indonesia next. Grenada's production, however, has been somewhat reduced since 1955 when a hurricane destroyed many of the trees. Prior to that it was averaging from 4 million to 5 million pounds of nutmegs a year, and 600,000 to 700,000 pounds of mace.

Two islands, Zanzibar and Pemba off the east coast of Africa, produce practically all of the cloves that enter world trade; and for Zanzibar clove exports bring in almost 80 percent of the foreign exchange earned each year. Indonesia, the home of the clove tree, is striving to increase production, but is still a net importer. Indonesia uses cloves in the manufacture of cigarette tobacco; the rest of the world, including the United States, uses them for flavors, medicine, soap, and perfume.

Pimento, or allspice, so called because its flavor resembles a blend of cinnamon, nutmeg, and cloves, is grown exclusively in the Western Hemisphere and was probably the only true spice that Columbus found. Most of the world's allspice is produced in Jamaica, but some is grown in Mexico, Guatemala, and Brazil. Of the spices we import, allspice amounts to only about 1 percent of the total.

Aromatic Seeds and Herbs

Next in importance to the tropical spices are the aromatic seeds, of which the United States imported almost 39 million pounds in 1958. Mustard seed is the leader in this group, even though large quantities are produced in Montana and California. Caraway seed from the Netherlands, cummin seed from Iran, and celery seed from India and France rank next in importance. We also buy anise seed from Spain and Mexico for licorice flavoring, fennel seed from India, and cardomom seed from Guatemala.

Important too are such things as laurel or bay leaves, oregano, paprika, and capsicums. Oregano owes its rise

Harvesting paprika in Spain. Most of our paprika imports come from there.

Separating mace from nutmegs in the West Indies. Both spices come from the same fruit, mace being the lacy, flesh-like material which covers the hard nutmeg.

to the pizza pie. Paprika—which we buy from Spain, although our California industry is now increasing its production—is derived from a special variety of capsicums, those familiar pod-shaped peppers native to the Americas, whose cultivation has now spread throughout the world.

There are other spices—such as saffron, turmeric, sesame—that we buy in small quantities; still these are very minor. It's the traditional spices and the better-known seeds and herbs that keep the spice trade going year after year. And while no one expects this trade to regain its historical importance, there is little likelihood of its dropping off. Without spices cookery would be a dull business (imagine soup without pepper!). Therefore, as long as our population continues to increase, our demand for spices should increase too, and so should our imports, since climate sharply limits the spices that we can grow.

Malaya Buys U.S. Soybeans

First shipment of U.S. soybeans to Malaya in recent years is checked by U.S. Agricultural Attache Walter Davis and Lee Kit Heng, Kuala Lumpur importer, right, on arrival at the warehouse.

West Germany and Australia In New Trade Agreement

A new trade agreement between West Germany and Australia raised the German import quota for Australian coarse grains from 150,000 to 250,000 metric tons annually. In addition, Germany will admit 100,000 tons of Australian soft wheat and 50,000 tons of semihard and higher protein wheats.

It established new quotas for frozen beef, mutton, and lamb; canned meats; wine (red and dessert); and canned tropical and candied fruits. And it assures the Commonwealth of Australia an adequate share of the German market for butter, nonfat dried milk, apples and pears, other fresh fruits, canned fruits (other than tropical), and jams.

The German Government, in return for these concessions, has received trading assurances for its manufactured products in the Australian market on a nondiscriminatory basis.

Farm Export Outlook

(Continued from page 3)

oats, 25 million; and grain sorghums, 110 million.

Tobacco.—Exports of unmanufactured tobacco in fiscal 1960 are expected to total about 480 million pounds, approximately the same as in 1957 and 1958. U.S. prices for the principal export types of tobacco are above those for similar types of tobacco produced abroad. Also, in many countries discrimination against "dollar" tobacco continues, and tariff rates are still rising. On the brighter side, the United States still has the largest supplies of good-quality cigarette tobacco; there is a steady rise in cigarette consumption abroad; and there is considerable improvement in the gold and dollar reserves of the most important tobacco markets abroad.

Fats and Oils.—Combined exports of U.S. soybeans and edible vegetable oils are expected to set a new high in 1959-60. Together, the total for the marketing year, October-September, should reach 2.6 billion pounds, which is about 5 percent over the 1958-59 marketing season. The biggest gain will be in soybeans—185 million pounds, oil equivalent. This rise reflects limited supplies in other areas and continued strong foreign demand.

Dairy and Poultry Products.—A decline in all U.S. dairy exports can be looked for. Whole milk products will suffer from strong competition from other world suppliers. Cheese exports are expected to remain small because of limited U.S. Government programing. Sales of evaporated milk and dry whole milk are not expected to increase because of sharp competition in the principal markets, the Philippine Republic and Venezuela. Total exports of nonfat dry milk will follow the same general decline. However, if dairy prices on the European market continue to advance because of drought-induced shortage, U.S. dairy exports to that area may rise.

Poultry products show a bright outlook. Exports of poultry, eggs, and poultry products will probably total $65 million as against $49 million last year. Our important foreign markets are still Western Europe, Venezuela, Canada, Mexico, and the Caribbean countries. And while exports of shell eggs, including hatching eggs, may be down slightly, larger exports of dried eggs could compensate for this loss.

Meats and Animal Fats.—This year promises to be a good export year for most livestock products. Compared with 1958-59 when our export total was $252 million, the value this year is apt to reach $273 million. Animal fats—tallow and lard—will account for most of this rise. Variety meat exports will show a considerable gain, too, but, as usual, our beef and lamb exports will continue to be small.

Fruits. — The fruit situation for 1959-60 appears to be better than it was last year. Total fruit exports will probably reach $252 million, as against approximately $229 million in 1958-59. Substantial increases may be expected for orange juice, fresh apples, canned fruit, fresh oranges and tangerines, prunes, raisins, and currants.

While large supplies of Mediterranean citrus fruits are in prospect for this season, export opportunities for U.S. fresh processed citrus have improved because of increased liberalization in some European countries. Smaller supplies of European deciduous fruits should stimulate shipments from the United States; also, increased availability of U.S. canned and dried fruits should result in larger exports, although at lower prices than last season.

Chile To Buy Beef Breeding Cattle

The Government of Chile has made arrangements through the Banco del Estado to provide credit for imports of beef breeding cattle. It will buy Angus and Hereford heifers from Argentina, but this development may stimulate demand for U.S. bulls of these breeds. Herefords, imported from the United States and kept in a Chilean Government demonstration herd, were shown at Chile's National Livestock Show in November.

Greece Promoting Export Of Fruits and Vegetables

Greece has announced a program to improve the quality of its fruits and vegetables for export. A bill to be presented to Parliament soon will require that they conform to foreign market preferences.

Other aids to improving the fruit and vegetable export industry are the planned construction of cold storage plants, processing plants, and a juice extraction plant; and the purchase of 300 new refrigerated railroad cars. A new export agency will undertake the systematic promotion and sale of Greece's fresh fruits and vegetables in foreign markets.

U.S. Exports May Ease Europe's Feed Shortage

The United States has stepped up exports of feed grains to Western Europe, which was plagued by drought during the 1958-59 growing season. Feed problems are serious over much of Europe, mainly because of drought damage to fall pastures and forage crops. Drying up of pastures forced early feeding in some countries, but in Belgium, Denmark, and West Germany, the feeding situation is complicated by shortages of feed and fodder.

Countries in the drought area (the United Kingdom, the Netherlands, Belgium, France, West Germany, Denmark, and Sweden) are expected to import nearly 15 million metric tons of feed grains during 1959-60—a 17-percent increase over last year. Also, they are expected to need 770,000 tons more oilcake—a 14-percent increase.

Although the drought was widespread, grain crops were not affected during the 1959 growing season. In fact, France, Spain, Greece, and Yugoslavia reported record output. And substantial grain surpluses will be available from some of these countries in the 1959-60 marketing season.

Sudan Imports Rice From North Korea

Recently the Sudan received its first shipment of rice from North Korea. The amount was 2,000 tons and the price equaled $129 per ton. A 40-percent ad valorem customs duty brought the selling price to $181 a ton. Usually the Sudan's rice imports come from Egypt, but Egypt's short 1958-59 crop did not leave an exportable surplus in 1959.

Argentina May Maintain Favorable Trade Balance

There is a strong possibility that Argentina has maintained a favorable trade balance for 1959. The favorable balance of $126 million in the first half of the year continued through July, with a trade surplus of $14 million for the month. In the first half of 1958, Argentina had a trade deficit of $104 million.

Argentine imports in 1959 were running about 40 percent below the previous year's level, reflecting reforms initiated since December 1958 under the Economic Stabilization Program. The reforms included devaluating the peso, liberalizing domestic prices, and setting limits on money and credit. They have been very effective in lowering demand for imports of petroleum products, metals, and food products.

Larger exports of cereals, linseed, wool, hides, and dairy products have been offset by a substantial decline in meat and edible oil sales. As a result, total exports have been down slightly from 1958. Reports indicate some further decline in the rate of exports for the remainder of 1959 and some expansion in imports, but these probably were not significant enough to shift the balance of trade.

South Korea Raises Its Grain Output

South Korea's 1959 rice crop set a post World War II record and was one of the largest in that country's history. The 1959 yield of summer grains was also the largest since 1945, according to South Korea's Ministry of Agriculture and Forestry.

Rice output of 2.5 million metric tons (milled) was 4 percent larger than the 1958 crop and 11 percent above the 1952-54 average. Wheat, barley, and rye production in 1959 was estimated at 1.2 million tons, 11 percent larger than the previous year and 32 percent more than the annual average for 1952-54.

Partly because of typhoon damage, the 1959 crop fell short of the goal of the current agricultural development program. South Korea started on its second 5-year plan in 1958. In addition to grains, the plan calls for expanded production of livestock products, silk, and fertilizers.

High yields in 1959 resulted from heavy increases in the use of chemical fertilizer, expanded irrigation, and improved farming techniques. Through these methods, South Korea hopes to close the "grain gap." In some recent years imports have been as high as 1 million metric tons, or roughly 25 percent of grain consumption. With expanded production in view, the need for grain imports should be reduced within the next few years.

Note. November 1959 issue, p. 4. Picture at left is Gramoxen flour mill.

Mexico Sets Quota For Cattle Exports

Mexico has set a quota of 1 million head of cattle for export during the year ending August 31, 1960. Of this, 700,000 head have been assigned—380,000 for live export and 320,000 for shipment as beef. The remaining 300,000 will be held in reserve.

During the 1958-59 year, Mexico exported about 461,000 live cattle to the United States—20 percent more than the present quota for live animals.

Sudan's Balance of Trade Continues To Improve

Last year Sudan transformed its trade balance from unfavorable to favorable. It did this partly through a marked increase in its exports—especially of cotton, which accounted for more than 70 percent of the rise. Exports of oilseeds, dates, grain sorghum, pulses, camels, and sheep also rose. But even more substantial was the decrease in its imports from Western Europe, Asia, and elsewhere in Africa.

In July 1959, Sudan's surplus of exports over imports had reached $49 million—the same figure as the export deficit with which it had begun the year. This trend seems to have continued throughout the rest of 1959.

U.S. Hops Gain Favor in Ireland

U.S. hops have become increasingly popular in Ireland because of their special value for making certain types of beer. This is especially true for hops used in making beer for export to Asia and Africa, where the demand is for a particularly strong product.

No hops are grown in Ireland and breweries must depend entirely on imports. Purchases in 1959-60 are expected to total at least 1,900 long tons. About one-third will probably be supplied by the United States.

New Zealand May Ship Meat by Air

The New Zealand Meat Products Board is studying the possibility of air-shipping meat to the United States and Great Britain. To make it worthwhile, however, a 60-percent backloading to New Zealand will be necessary. The major difficulty has been finding cargo for return flights.

Air shipment would make supplies of New Zealand chilled lamb available in the United States on a regular basis. The meat would arrive in excellent condition and would be more acceptable in the U.S. market than the frozen product now being shipped by boat.

Southern Hemisphere Wool Exports Hit Record Level

The five main producing countries of the Southern Hemisphere made a new export record in the wool marketing season just ended. Their total 1958-59 shipments reached 2,518 million pounds, as against the previous season's 2,096 million. These countries —Australia, New Zealand, the Union of South Africa, Argentina, and Uruguay—accounted for more than 85 percent of total world trade in wool.

Exports were aided by a sharp recovery in raw consumption by most major consuming countries. The United States raised its total wool imports from the Southern Hemisphere by more than three-fourths. Also increased were shipments to the Netherlands, the USSR, Japan, and the United Kingdom.

Finland Agrees To Purchase Soviet Grain for 5 Years

Under a new trade agreement to run from 1961 through 1965, Finland has undertaken to buy specific quantities of Russian grains each year. Total purchases for the 5 years are to be as follows: Wheat bran, 25,000 metric tons; wheat, 950,000 to 1,150,000; rye, 320,000; and corn, 150,000.